

Public School Support

STARS Number & Budget Unit: 170 EDCA

Bill Number & Chapter: S1471 (Ch. 68), H683 (Ch. 238), H737 (Ch. 262)

PROGRAM DESCRIPTION: Provide state funding to the 113 local school districts for public education (grades K-12).

DIVISION SUMMARY:	FY 2001 Total Appr	FY 2001 Actual	FY 2002 Total Appr	FY 2003 Request	FY 2003 Gov Rec	FY 2003 Approp
BY FUND SOURCE						
General	873,464,900	873,464,900	909,645,600	1,057,992,800	933,000,000	920,000,000
Dedicated	56,900,000	56,838,700	59,875,000	59,875,000	55,513,000	65,513,000
Total:	930,364,900	930,303,600	969,520,600	1,117,867,800	988,513,000	985,513,000
Percent Change:		0.0%	4.2%	15.3%	2.0%	1.6%
BY EXPENDITURE CLASSIFICATION						
Lump Sum	930,364,900	930,303,600	969,520,600	1,117,867,800	988,513,000	985,513,000
DECISION UNIT SUMMARY:	FTP	General	Dedicated	Federal	Total	
FY 2002 Original Appropriation	0.00	932,969,800	59,875,000	0	992,844,800	
Budget Reduction (Neg. Supp.)	0.00	(23,324,200)	0	0	(23,324,200)	
FY 2002 Total Appropriation	0.00	909,645,600	59,875,000	0	969,520,600	
Removal of One-Time Expenditures	0.00	(15,200,000)	0	0	(15,200,000)	
Base Adjustments	0.00	0	(4,362,000)	0	(4,362,000)	
Restore Budget Reduction (Neg. Supp.)	0.00	23,324,200	0	0	23,324,200	
Permanent Base Reduction	0.00	(23,032,300)	0	0	(23,032,300)	
FY 2003 Base	0.00	894,737,500	55,513,000	0	950,250,500	
Nonstandard Adjustments	0.00	13,016,200	0	0	13,016,200	
FY 2003 Maintenance (MCO)	0.00	907,753,700	55,513,000	0	963,266,700	
4. Technology	0.00	5,000,000	0	0	5,000,000	
5. Achiev. Standards Implementation	0.00	0	4,000,000	0	4,000,000	
9. Creative & Innovative Grants	0.00	(425,000)	0	0	(425,000)	
10. One-time Discretionary Funds	0.00	8,371,300	4,000,000	0	12,371,300	
13. Idaho Reading Initiative	0.00	(700,000)	0	0	(700,000)	
14. Classroom Supplies	0.00	0	2,000,000	0	2,000,000	
FY 2003 Total Appropriation	0.00	920,000,000	65,513,000	0	985,513,000	
Change From FY 2002 Original Approp.	0.00	(12,969,800)	5,638,000	0	(7,331,800)	
% Change From FY 2002 Original Approp.		(1.4%)	9.4%		(0.7%)	

BUDGET REDUCTION (NEG. SUPP.): S1471 reduced the fiscal year 2002 General Fund appropriation for this agency by 2.5%.

APPROPRIATION HIGHLIGHTS: This appropriation reduced the fiscal year 2003 General Fund base by 2.5%. All statutorily-required line-items in the public schools budget were fully funded, including the funding of pay raises for teachers moving through the state salary reimbursement table. This appropriation also funds the \$3.4 million in base technology funding, and reinstates \$5 million of the customary \$7 million in one-time technology funding. This budget removes the \$425,000 in ongoing funding for the Innovative Teacher Grants program, and reduces funding for the Idaho Reading Initiative from \$4.0 million to \$3.3 million (due to fewer students testing below grade level and requiring remedial instruction). Funding for Achievement Standards Implementation was set at \$4 million, halfway between the \$8 million requested by the Superintendent of Public Instruction and the \$0 recommended by the Governor and the State Board of Education. This appropriation also provides \$2 million for teachers to purchase classroom supplies.

LEGISLATIVE INTENT: Section 6 increased the amount of technology funds going to the Libraries Linking Idaho (LiLI) program from \$265,000 to \$300,000. It also limited the uses for the \$5 million in technology funds to software purchases, technology equipment repairs and maintenance, and equipment necessary to administer state-required assessments. HB 737 further modified this language to allow up to \$150,000 to be used to match private technology grants. Section 17, which earmarks funds for the Idaho Reading Initiative, acknowledges that up to \$1 million in federal funds may become available to supplement state efforts, and states that it is legislative intent that the Superintendent of Public Instruction seek such funds. Section 18, which earmarks funds for Achievement Standards Implementation, acknowledges that up to \$2 million in federal funds may become available to supplement state efforts, and states that it is legislative intent that the Superintendent of Public Instruction seek such funds. Section 19 directs that the first \$10 million in unanticipated funds (or "angel money") available at the end of FY 2002 not be distributed, as is customary, but be retained in the Public School Income Fund as a dedicated fund balance, and be appropriated as part of the FY 2003 budget.

Section 20 directs that \$23.3 million of the estimated \$44.4 million in discretionary funds be distributed early to school districts, as part of a special July distribution. Since this distribution is identical to the amount of the FY 2002 negative supplemental, this will have the effect of bringing schools that went into a negative fund balance situation as a result of the negative supplemental back up to par before the 2002-2003 school year starts. For districts that were able to cope with the negative supplemental without getting into a negative fund balance situation, this special distribution will simply have the effect of getting funds to the district earlier than would normally be the case, enabling the district to earn additional interest on the funds.

OTHER LEGISLATION: SB 1474a creates the Bond Levy Equalization program, in which the state will pay for a portion of the annual repayment costs for school bonds passed after September 15th, 2002. The annual state subsidy on each bond will vary from 10% to 100% of the average annual interest payment, depending on each district's placement on a value index. Factors making up the value index include a district's property market value per support unit, the county's average per capita income compared to the state average,

and the county's unemployment rate compared to the state average. For districts crossing county lines, data from the county in which a plurality of the district's property market value is located is used. The initial fiscal impact of this legislation is estimated to be \$1 million in FY 2004, eventually rising to \$16 million to \$20 million per year in 20 years.

FY 2003 APPROPRIATION:	<u>FTP</u>	<u>Pers. Cost</u>	<u>Oper Exp</u>	<u>Cap Out</u>	<u>T/B Pymnts</u>	<u>Lump Sum</u>	<u>Total</u>
G 0001-00 General	0.00	0	0	0	0	906,628,700	906,628,700
OT G 0001-00 General	0.00	0	0	0	0	13,371,300	13,371,300
D 0481-01 Public School Income	0.00	0	0	0	0	50,813,000	50,813,000
OT D 0481-01 Public School Income	0.00	0	0	0	0	10,000,000	10,000,000
D 0481-54 Cig, Tob, Lottery Inc	0.00	0	0	0	0	4,700,000	4,700,000
Totals:	0.00	0	0	0	0	985,513,000	985,513,000

Public School Support Budget Comparison

STATE APPROPRIATION	ESTIMATE FY 2002	REQUEST FY 2003	GOV. REC. * FY 2003	HB 683 FY 2003	ESTIMATE FY 2003
Sources of Funds:					
General Funds	\$909,645,600	\$1,057,992,800	\$933,000,000	\$920,000,000	\$920,000,000
Dedicated Funds	45,175,000	55,175,000	50,813,000	60,813,000	60,813,000
Substance Abuse Funds	<u>4,700,000</u>	<u>4,700,000</u>	<u>4,700,000</u>	<u>4,700,000</u>	<u>4,700,000</u>
TOTAL STATE FUNDS	\$959,520,600	\$1,117,867,800	\$988,513,000	\$985,513,000	\$985,513,000
PROGRAM DISTRIBUTION <i>* LSO estimate of how Governor's recommendation would have been implemented under state law</i>					
Statutory Requirements					
State Property Tax Replacement	\$64,594,700	\$67,800,000	\$67,800,000	\$67,800,000	\$68,935,700
Transportation	54,391,000	58,742,300	57,654,500	57,654,500	57,654,500
Border Contracts	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Exceptional Contracts/Tuition Equiv.	2,500,000	2,625,000	2,625,000	2,625,000	3,500,000
Floor	1,200,000	1,100,000	1,100,000	1,100,000	1,300,000
Program Adjustments	300,000	300,000	300,000	300,000	300,000
Salary-based Apportionment	654,673,700	743,511,000	660,086,500	660,086,500	660,086,500
Master Teacher Award	418,000	560,000	560,000	560,000	560,000
State-paid Personnel Benefits	115,117,000	130,592,400	116,084,600	116,084,600	116,084,600
Early Retirement Payout	3,500,000	3,500,000	3,500,000	3,500,000	5,500,000
Idaho Safe & Drug-Free Schools	<u>4,700,000</u>	<u>4,700,000</u>	<u>4,700,000</u>	<u>4,700,000</u>	<u>4,700,000</u>
Sub-total -- Statutory Distribution	\$902,394,400	\$1,014,430,700	\$915,410,600	\$915,410,600	\$919,621,300
Other Program Distributions					
Technology Grant Program	10,400,000	10,400,000	10,400,000	8,400,000	8,400,000
Innovative Teacher Grants	425,000	545,000	425,000	0	0
Idaho Reading Initiative	4,000,000	4,000,000	4,000,000	3,300,000	3,300,000
Limited English Proficient (LEP)	4,575,000	4,475,000	4,475,000	4,475,000	4,475,000
Teacher Training - Least Restrict Env	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Teacher Training - Gifted & Talented	600,000	500,000	500,000	500,000	500,000
Achievement Standards Implement.	8,000,000	8,000,000	0	4,000,000	4,000,000
Beginning Teacher Support Program	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Idaho Digital Learning	0	750,000	0	0	0
Extended Day Kindergarten	0	4,500,000	0	0	0
School Info. Management System	0	2,000,000	0	0	0
SBOE pass-thru funds - Assessments	0	0	4,000,000	0	0
Facilities Contingency Funds	0	0	3,000,000	0	0
Classroom Supplies	0	0	0	2,000,000	2,000,000
Sub-total -- Appropriation Distr.	\$31,000,000	\$38,170,000	\$29,800,000	\$25,675,000	\$25,675,000
Total Program Distributions	\$933,394,400	\$1,052,600,700	\$945,210,600	\$941,085,600	\$945,296,300
Discretionary for Support Unit Distr.	<u>\$26,126,200</u>	<u>\$65,267,100</u>	<u>\$43,302,400</u>	<u>\$44,427,400</u>	<u>\$40,216,700</u>
PROGRAM DISTR. + UNIT DISTR.	\$959,520,600	\$1,117,867,800	\$988,513,000	\$985,513,000	\$985,513,000
ESTIMATED SUPPORT UNITS	12,575	12,700	12,700	12,575	12,545
STATE DISCRETIONARY \$ PER UNIT	\$2,078	\$5,139	\$3,410	\$3,533	\$3,206
Equalized Local M&O per Unit	<u>\$20,063</u>	<u>\$21,100</u>	<u>\$21,100</u>	<u>\$21,100</u>	<u>\$21,241</u>
DISTRIBUTION FACTOR	\$22,141	\$26,239	\$24,510	\$24,633	\$24,447